

The Longaberger Company

Jim Klein
President

One Market Square
1500 East Main Street
Newark, Ohio 43055-8847



June 20, 2006

Federal Trade Commission/Office of the Secretary, Room H-135 (Annex W)
Re: Business Opportunity Rule, R511993
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Business Opportunity Rule, R511993

Dear Sir or Madam:

I am writing on behalf of the 55,000 independent Longaberger home consultants nationwide and the 3,000 Longaberger employees in rural southeast Ohio regarding the proposed New Business Opportunity Rule R511993. The Longaberger Company is very concerned that the Rule, as currently contemplated, would have an adverse effect on our business.

I recognize that the FTC must weigh the consumer protection mission of the Commission while considering the rights of legitimate businesses to compete in the marketplace but, with all due respect, we feel that this Rule would have a major detrimental effect on direct selling companies, which already struggle due to the increasing power of the major mass retailers, but more importantly, it would seriously hurt the career prospects of thousands upon thousands of women and men who want to realize their individual dreams and aspirations.

The Longaberger Company is a member of the national Direct Selling Association (DSA). We sell high-quality handcrafted baskets and other decorative and functional home products through 55,000 independent Longaberger home consultants nationwide. Please note that 99.9% of our home consultants are women.

One aspect of direct selling that is particularly attractive to our home consultants is the ease with which they can start their own business. For very little investment, in fact less than \$200, they can launch their Longaberger career and realize whatever goal they may have for themselves and their families. Examples include saving for a child's education, supplementing an increasingly tight family income, or planning a family vacation.

This opportunity is to a large extent without financial risk to the home consultant because we will buy back inventory and related business materials should she decide to exit her Longaberger business and wish to return the items. In fact, our company's buy back policy exceeds the DSA Code of Ethics, and we are proud that we will buy back 100% of inventory and materials if the home consultant so chooses.

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As previously stated, the ease of entry into direct selling is a particularly attractive characteristic that appeals to many people. The seven day waiting period as proposed in the Rule for new home consultants will significantly affect our ability to accommodate the busy schedules of most of our potential home consultants. The vast majority of our sales field works full time and devotes less than 10 hours per week to their Longaberger businesses. If you erect barriers to entry at the outset, many will choose not to pursue the opportunity. Additionally, because we will need to keep detailed records on those individuals not deterred by the waiting period, the related administrative costs will be inordinately high.

Secondly, the proposed Rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. This requirement is particularly troubling given the current concern nationwide about the very serious issue of identity theft. In fact, I found it revealing that the FTC website included a link to a page dealing with the Commission's progressive leadership regarding this issue. It seems that in one area the Commission demonstrates sensitivity to the issue of identity theft and in a proposed Rule would contemplate demanding companies release personal information about thousands, if not millions, of unsuspecting Americans.

In addition to our legitimate concern about identity theft and the potential for lawsuits, this disclosure requirement would place us at a significant disadvantage with our competitors exposing arguably our most important proprietary information: customer and potential recruit lists.

There are other concerns about the Rule, compliance costs as a result of the elimination of the \$500 threshold for example, but please know that we appreciate the work of the FTC to protect consumers. But, in this instance, your effort to protect consumers may dramatically affect the opportunity of thousands of independent Longaberger home consultants and millions of direct sellers nationwide. Please consider carefully these comments and, ultimately, decide if your efforts to protect consumers (who may already have adequate protections), may come at the expense of millions of direct sellers and their ability to pursue business success and financial independence.

Thank you for your time in considering our comments.

Sincerely,

Jim Klein
President, The Longaberger Company